



**RESPONSIBLE AND
ACCOUNTABLE
GARMENT SECTOR
CHALLENGE FUND**

**GUIDELINES FOR
PREPARING PROJECT
CONCEPT NOTES**

March 2010

RAGS is funded by:



RAGS is managed by:

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Responsible and Accountable Garment Sector (RAGS) Challenge Fund

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RAGS Challenge Fund

Guidelines for Preparing Project Concept Notes

1. Introduction

1.1 Rationale for RAGS

Garment production for export has been a key driver of industrialisation and trade in many developing countries. It has created over 25 million jobs worldwide (primarily for women) and has provided a route to growth and reduced poverty in countries (e.g. Bangladesh, Cambodia, China and India). However, the garment industry is also much criticised for multiple worker abuses (e.g. forced and excessive hours, child labour and unpaid work) which has undermined these benefits for many.

To address the above problems, the Responsible and Accountable Garment Sector (RAGS) Challenge Fund has been established to support the work of a range of organisations in the garment supply chain – including large and small businesses, labour, fair trade and other non-governmental organisations – in their efforts to catalyse better working conditions for poor and vulnerable workers in garment industries in poor countries.

RAGS seeks to support voluntary approaches to ethical garment production, helping the garment industry to go beyond the first tier of supply chains and push more responsible labour practices further out into production networks. RAGS supports both the private sector and civil society to strengthen market drivers for ethical trade, and seeks to support collaboration and learning between them.

1.2 Description of RAGS

Funded by UKaid from the Department for International Development (DFID), the RAGS Challenge Fund has been set up to support projects that are aimed at improving working conditions of women and other vulnerable workers in ready-made garment production industries in low-income countries in Asia and Sub-Saharan Africa supplying the UK market.

The overall objective of RAGS is for responsible and ethical production to become the norm in the garment manufacturing sector supplying the UK.

The specific objective of RAGS is to stimulate and catalyse sustainable improvements in working conditions for poor and vulnerable workers in garment industries in poor countries through better supply chain practices in the UK and in producer countries.

A grant fund totalling £3 million has been made available to support eligible projects over a three-year period (2010-2013). It is expected that some 10-15 projects will be supported during the life of the project.

Grants are expected to range from £25,000 to £250,000 for supported projects.

Funds are made available on a cost-sharing basis, i.e. a level of matched funding is expected from eligible grant beneficiaries (this may include in-kind contributions). Projects must involve more than one implementing organisation, with one designated as the Lead Partner (LP).



1.3 The RAGS application process

RAGS consists of a two-stage process for applying for and receiving approval of grants:

- **Project Concept** – Eligible parties are invited to submit a Project Concept Note (PCN) that will be independently evaluated following its submission.
- **Full Proposal** – Applicants submitting the best PCNs will be invited to submit a full project proposal which will be assessed and discussed with these applicants. If approved by the RAGS Advisory Committee, the successful applications will then be eligible for RAGS grant funding for project implementation.

1.4 Purpose of this document

As stated in the previous section, the first step in the RAGS grant application process is the submission of PCNs which describe both the applicants and their proposed projects for funding.

This document has been prepared to provide guidance to grant applicants for preparing PCNs in compliance with the rules and regulation of the RAGS Challenge Fund for its first call for grant applications.

2. Guidance on filling in the Project Concept Note

The main document to be prepared at the Project Concept stage under RAGS is the PCN. This will provide information about the applicant and its partners for the proposed project and key information about the project itself.

The following paragraphs provide guidance on how to fill in the PCN and what other information and documentation are required to fulfil the Project Concept stage requirements of RAGS.

2.1 Section I: Applicant Particulars

2.1.1 The applicant – Who can apply?

RAGS is open to grant applications from legal entities from the non-governmental sector, both for-profit and not-for-profit, that are associated with labour conditions in the garment sector in poorer African and Asian countries supplying the UK market. This includes private businesses, trade unions and non-governmental organisations associated with both ethical and fair trade movements in the garment sector.

Individuals and non-registered entities are not eligible for grant support.

- **Lead Partner** – As indicated in the PCN, there should be one designated Lead Partner (LP) for the project. For logistical and accountability purposes, it is preferred that this organisation is UK-based.
- **Partner organisation(s) for the project** – The full contact information of all implementing partners for the proposed project should be indicated. This information may be attached separately to the PCN if there are more than three proposed supporting partners for the project.

RAGS expects that most organisations will only be involved in one PCN for this first call for Project Concepts, but, may consider up to two PCNs involving a particular organisation, with the necessary justification provided by this organisation. The capacity of applicants to undertake the proposed project will be part of the assessment process for all PCNs submitted to RAGS.



2.1.2 Full-time employees

The total number of persons in full employment with the LP should be provided where requested in the PCN. In calculating this, the following may be relevant to the activities of the organisation and may be applied in summing the total number of full-time equivalent staff employed by the LP:

Category of staff	Full-time equivalent measure
Full-time employee	1.0
Part-time employee	0.5
(Sub)contractor	0.25

2.1.3 Brief description of activity(ies)

A brief description of the general operations of the LP and its partner organisation(s), and, more specifically, with respect to labour conditions in the garment sector in poorer African and Asian countries supplying the UK market, should be indicated in this section of the PCN.

2.1.4 History of previous grant support

Organisations which have benefited from grant funding from DFID in the past under various existing and/or previous Challenge Fund initiatives should indicate this in the PCN. The information provided should include the amount of funding the LP and/or its proposed partners has received and the types of projects for which it(they) has(have) received this funding. The grant reference number(s) for the supported project(s) should be disclosed where indicated in the PCN.

Any supporting information/documentation in relation to previous supported projects may also be submitted as supporting documentation to the PCN (e.g. progress reports, project completion reports, correspondence with DFID, etc).

2.2 Section II: Project Particulars

2.2.1 Areas addressed by RAGS

The key problem areas in the garment sector for which RAGS projects should address are as follows:

1. Production managers not being persuaded of the business case for better work and management.

This leads to:

- weak production management resulting in low productivity
- weak people management resulting in poor working conditions, staff disputes and low productivity
- diverse, multiple standards which reduce business confidence in recouping compliance costs.



A RAGS-supported project can address the problem by:

- improving the business case for ethical garment production through better factories
- building skills in production management for garment sector in key producer countries
- enabling firms to adopt better people management systems and better industrial relations
- harmonising private and retailer codes so that one audit is recognised by many buyers.

2. Low awareness of decent work and labour rights.

This leads to:

- harmonising private and retailer codes so that one audit is recognised by many buyers.
- workers' ignorance of their rights – especially vulnerable groups and women
- unawareness and inability of garment production supervisors and managers to enforce and protect labour rights especially for women and other vulnerable workers
- untapped potential for fair trade principles and marketing routes to benefit disadvantaged producers.

A RAGS-supported project can address the problem by:

- building awareness of decent work and labour rights and the capacity to enforce them for:
 - a) workers in factories and further down the supply chains
 - b) production supervisors and managers
- developing workers' committees or other regular means of dialogue
- establishing outreach initiatives and capacity building on fair trade principles and working conditions to poorer producers, at different scales.

3. Institutional barriers to scaling up ethical practices

This leads to:

- weak inspection and certification capacity in-country
- limited lesson learning between supplier firms in producing countries
- insufficient gain to brands or retailers for improving working conditions.

A RAGS-supported project can address the problem by:

- reducing institutional barriers to scaling up by:
 - a) strengthening inspection and audit capacity to cover more of the garment sector in key countries
 - b) replicating and/or expanding approaches with potential to increase ethical practices in the supply chain
 - c) developing training tools for suppliers
- implementing sector-wide and/or multi-brand efforts to drive better norms and practices in the garment sector.



2.2.2 Intervention areas supported by RAGS

To facilitate addressing the above problem areas identified by RAGS, interventions in a number of areas qualify for grant support – providing they aim to develop or scale up responsible labour practices beyond the individual workplace.

Seven key areas of intervention are supported by RAGS, which are as follows:

1. Building skills in garment production management
2. Adopting better people management skills
3. Harmonising codes and audit requirements
4. Building awareness of rights and the capacity to enforce them
5. Strengthening local audit capacity
6. Capacity building and reach on fair trade principles
7. Development of training tools to assist replication and expansion of effective approaches.

A maximum of three of the above may be selected in the PCN to indicate which best describes the proposed project.

As RAGS strongly advocates innovation in stimulating and sustaining responsible and accountable practices in the garment sector, applicants may propose projects that do not directly relate to the above areas, but are felt to be relevant to the objectives of RAGS. In such instances, an applicant may indicate "other" in terms of the category of project it is proposing and provide a description of the area being addressed as it relates to RAGS.

2.2.3 Types of projects RAGS does not support

RAGS is a relatively small challenge fund and it must retain focus for maximum impact. For this reason, it is tightly focussed on the ready-made garments sector, with its common processes and institutions. Projects aimed at improving working conditions in raw materials and fibre production (e.g. cotton production), the wider textiles sector, footwear and accessories, and leather goods other than clothing are not eligible for grant support. Similarly, projects addressing other social responsibility concerns, such as environmental issues, or proposals aimed at improving the working conditions of non-vulnerable workers are not eligible.

RAGS does not support projects that are wholly about awareness campaigns, research, advocacy or networking in the UK, but RAGS will be open to supporting research and advocacy in producer countries. Projects aimed wholly at labour conventions and legal issues will be excluded since this is the mandate of the International Labour Organisation (ILO) and partner governments. Projects to fund individual, one-off workplace improvements, workshops, meetings and/or awareness campaigns are also not supported, as the innovation and scalability criteria for RAGS will exclude them.

2.2.4 Estimated cost of the proposed project

Grants ranging from £25,000 to £250,000 are available per eligible project.

Additionally, as determined by the RAGS Fund Management, 'pump prime' funding is available for worthy cases identified during the application process. Pump prime funding is for project ideas that show potential, but are not yet fully developed, and cannot be developed without initial grant support.

The overall estimated cost of the project and the amount being requested from RAGS should be provided by applicants. Applicants should also indicate the amount of funding that each of them expects to provide and funding sought from any other sources.



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In this respect, matched funding is very important in demonstrating a grant applicant's stake in the project and its willingness to share financial responsibility with the implementation of the project.

The proportion of matched funding normally expected from RAGS applicants is described below:

Type of organisation	Lead Partner (minimum expected contribution)	RAGS (maximum contribution)
For-profit	50%	50%
Not-for-profit	33%	67%

Contributions that are in-kind are acceptable and should be identified and budgeted as far as possible.

The RAGS Fund Management reserves the right to negotiate the appropriate level of cost-sharing for a project throughout the grants application process.

The currency to be used for budgeting is Pounds Sterling (GBP).

2.2.5 Estimated project duration

The maximum length of project supported by RAGS is 2.5 years and it should be completed by 31 December 2012, latest. This is to ensure that there is time for the project to be implemented within the three-year duration of RAGS and to enable the timely completion of grant disbursements and monitoring of supported projects, and to learn and share lessons from RAGS-supported projects, before the end of the Challenge Fund.

The project presented to RAGS for funding by an applicant may be part of a larger initiative/project. However, to be considered for RAGS funding, the component that is being submitted to RAGS should have clear start and end dates with milestones and targets indicated to enable effective monitoring and evaluation of the supported project over the RAGS-supported period.

RAGS does not fund projects retroactively. Therefore, approval of the project must be obtained before a successful grant applicant may commence implementation of its proposed project, not before. Therefore, the indicated project start date in a PCN must be a planned date in the future.

2.2.6 Eligible countries for supported interventions

Applications must be for projects located in the following low-income and lower-middle-income countries in Sub-Saharan Africa and Asia:

Afghanistan, Bangladesh, Benin, Bhutan, Burkina Faso, Burma, Burundi, Cambodia, Cameroon, Central African Republic, Chad, Comoros, Congo (Dem Rep), Congo, Cote D'Ivoire, East Timor, Eritrea, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, India, Kenya, North Korea, Kyrgyzstan, Laos, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mongolia, Mozambique, Nepal, Niger, Nigeria, Pakistan, Rwanda, Sao Tome & Principe, Senegal, Sierra Leone, Somalia, Sri Lanka, Sudan, Tajikistan, Tanzania, Togo, Uganda, Uzbekistan, Vietnam, Zambia, Zimbabwe

Applicants must also identify that the producing country(ies) for their proposed projects is(are) exporting garments to the UK, involving retailers and brands that are based anywhere in the world.

Countries not listed above are not eligible under RAGS.

2.2.7 Brief project description

Applicants must be able to demonstrate either innovation or scalability in their project proposals. In other words, applicants must demonstrate how their projects seek to go beyond existing practice (innovation) or how it will remove barriers to the spread of existing good practice (scalability).



In this respect, a brief description of the project of no more than 500 words should be provided and cover the following areas as relevant to RAGS and its criteria for assessing project proposals:

1. **Women and other vulnerable workers** – Applications are strictly limited to projects aiming to improve working conditions of women and other vulnerable workers (members of socially excluded groups such as, for example, castes, religions, and tribes) in ready-made garment production industries supplying the UK market or located in supply chains that include the UK.
2. **Partnership** – Applications must involve more than one implementing organisation. Partnerships between different actors (different types of actors along the supply chain) is encouraged.
3. **Geography** – supported interventions must be in eligible countries covered under RAGS (see section 2.2..6).
4. **Innovation or scalability** – Proposals must clearly demonstrate either innovation or scalability, i.e., how the project seeks to go beyond existing practice (innovation) or how it will remove barriers to the spread of existing good practice (scalability).
5. **Value for money** – Proposals should clearly demonstrate that costs are both appropriate and commensurate to expected benefits.
6. **Measurability** – Projects must describe the main impacts the project is expected to have in terms of the core Decent Work Indicators (DWIs) and other project-specific indicators designated for monitoring the impact of the project (see section 2.2.9 for more information).

Any supporting documents felt by the applicant that can further present and justify the project for RAGS funding may be submitted as supporting documentation to the PCN (e.g. project feasibility report(s)).

2.2.8 Expected benefits/results from the project

The expected benefits of the project are the results expected from the successful implementation of the activities contained in the project work plan, which should also achieve the specific purpose of the proposed project (i.e. the start of realisation of sustainable benefits by the target groups of the project).

Following implementation of a successful RAGS-supported project, the LP and its partners should be able to answer whether there have been any:

- changes in the well being of target project beneficiaries
- changes in the business practices and operations of participating businesses
- changes in the well being of other workers and/or others affected by the project interventions.

2.2.9 Proposed monitoring indicators of project effectiveness and performance targets

2.2.9.1 RAGS common pool of performance indicators

Each project must eventually report on all five (5) of the key DWIs identified. At the Project Concept stage, applicants should provide data, if available, against the five indicators listed, for the workers the project is targeting. If no direct measures are available for the particular workforce groups at this stage, please provide the best data available and explain further in the form of supporting documentation to the PCN.



2.2.9.2 Other project specific indicators

Additional indicators are expected to be required depending on the specific nature of the project. The use of other key DWIs to measure impact is particularly encouraged, to help with learning across the RAGS portfolio. Additional indicators may also be recommended by the RAGS Fund Management on a case-by-case basis.

2.3 Declaration

The PCN should be signed by a senior authorised signatory of the LP organisation.

3. Supporting documentation to be submitted with the PCN

The additional documentation listed must be submitted together with the PCN as evidence of the organisational status and experience of the applicants. This can be submitted in hardcopy or electronic form (see section 4 below).

4. PCN submission deadline

For this first call for PCNs, the deadline is **17:00 (GMT), Monday, 26 April 2010**. PCNs submitted after this date will not be considered and will be returned to applicants.

Electronic submission of PCNs and their supporting documents is the preferred mode for submission and should be e-mailed to the RAGS Fund Manager to RAGS@maxwellstamp.com.

However, PCNs may be sent in hardcopy, clearly indicating the name of the LP, to the address given in section 6 of these guidelines.

5. What happens next?

Following receipt of all PCNs, the RAGS Fund Management will review each for compliance and then assess according to the criteria prescribed in these guidelines. The results of the assessment will then be submitted to the RAGS Advisory Committee for consideration and approval. The expected elapsed period from receipt of PCNs to approval is expected to be three (3) weeks.

Following the PCN assessment process, both successful and unsuccessful applicants will be notified of the decision concerning their PCNs. Successful candidates will be invited to submit full proposals for funding within a prescribed timeframe and they will receive RAGS Proposal Writing Guidelines and the RAGS Grants Operational Manual to assist with their proposal preparations. These documents are currently under preparation, but they will be ready for distribution when Full Proposal stage is announced.



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6. RAGS Fund Management contact information

For any questions concerning RAGS and/or the preparation of PCNs, please contact the RAGS Fund Manager.

The RAGS Challenge Fund is managed by Maxwell Stamp PLC.

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